

Money Income in the United States: 1999 - Briefing

Dr. Daniel H. Weinberg, Chief, Housing and Household Economic Statistics Division Press Briefing on 1999 Income and Poverty Estimates, September 26, 2000

Welcome to the press briefing on the 1999 income and poverty estimates. Your press packets contain a press release, a copy of my remarks, a copy of the charts I will be using today, and the two reports we are releasing. You can obtain additional unpublished detailed tables from the Census Bureau directly or on [our web site](#).

Let me introduce some of the analysts who worked on the reports; they will be available to answer your questions after the briefing: Charles Nelson (Assistant Division Chief), Mary Naifeh (Chief of the Poverty and Health Statistics Branch), Edward Welniak (Chief of the Income Surveys Branch), and the primary authors of the reports, Robert Cleveland, Joe Dalaker, Carmen DeNavas-Walt, and Bernadette Proctor. I'd also like to thank all the Field Representatives and Interviewers who work so hard to collect these data and the households who answer our survey questions.

Please hold your questions unless it's a technical clarification. The main presentation should take about 20 minutes.

Let me first summarize the main findings. [Increases in income and declines in poverty were again widespread in 1999](#) [GIF - 22k]. Between 1998 and 1999, median household income adjusted for inflation increased 2.7 percent, to \$40,800 (that means that half of households had incomes above \$40,800 and half below). This level is the highest we have ever measured. For the first time, households in the United States have sustained five consecutive annual statistically significant increases in their real median income. In addition, the poverty rate fell for the third consecutive year, from 12.7 percent in 1998 to 11.8 percent in 1999, the lowest poverty rate since 1979. The number of poor dropped significantly also -- from 34.5 million poor in 1998 to 32.3 million poor in 1999. Finally, household income inequality did not change from 1998 to 1999.

These statistics come from the March Supplement to the Current Population Survey, a sample survey of approximately 50,000 households nationwide, conducted each month for the Bureau of Labor Statistics. These data reflect 1999 and not current conditions. As in all surveys, the data in these reports are estimates, subject to sampling variability and response errors. All statements made in the reports and in this briefing have been tested statistically. Thus, not all numerical differences are statistically significant differences. All historical income data are expressed in 1999 dollars and were adjusted using the Consumer Price Index; inflation was 2.2 percent between 1998 and 1999. The poverty thresholds are also updated each year for inflation; in 1999 the average threshold for a family of four was \$17,029; for a family of three, \$13,290.

[Chart 2 presents the key estimates of median household income](#) [GIF - 10k]. As I noted earlier, median income for all U.S. households increased 2.7 percent or \$1100 between 1998 and 1999 to \$40,800. Overall, real median household income has risen 24.5 percent since 1967, the first year median household income was computed. [Chart 3 shows that the Midwest and South regions](#)

[reached all-time highs in median household income in 1999, while income did not change in the Northeast and West](#) [GIF - 14k].

As Chart 4 shows, [the number of poor in the U.S. in 1999 has fallen to its 1989 level -- 32.3 million people -- and 2.2 million people less than in 1998](#) [GIF]. This number of poor also leads to a lower poverty rate in 1999 than in 1998 B 11.8 percent, the lowest since 1979. [When one looks at the differences in regional patterns](#) [GIF - 15k], in contrast to the income findings, it was the Northeast and West that had significant declines in poverty rates, while poverty did not change statistically in the Midwest and South. The poverty rate in the South remains at its all-time low, 13.1 percent.

[Chart 6 presents the changes in real median household income by race and Hispanic origin between 1998 and 1999](#) [GIF - 15k]. For the first time since data have been reported for Asian and Pacific Islander households, all racial and ethnic groups experienced an annual increase in their real median household income. The 1999 real median household income was the highest ever reported for Whites, non-Hispanic Whites, Blacks, and Hispanics, while it equaled the highest ever recorded for Asians and Pacific Islanders.

As this next chart shows, [poverty dropped for all racial and ethnic groups as well, the first time since 1969 that poverty dropped for all measured race groups](#) [GIF - 15k]. While the national poverty rate is still above its historic low (set in 1973 at 11.1 percent), 1999 poverty rates for all racial and ethnic groups except for Whites have set or equaled their historic lows.

Beginning with this year, the Census Bureau is showing income and poverty data for American Indians and Alaska Natives. However, the variability associated with those estimates is much higher than for other race groups because of their relatively small sample size. Accordingly, to reduce the effects of that variability, we report only the average of 1997 through 1999 data. [These estimates are shown in Chart 8](#) [GIF - 19k]. The three-year-average median household income of American Indians and Alaska Natives, \$30,800, is higher than that for Blacks, statistically equal to the income estimate for Hispanics, and lower than the income estimate for Whites, non-Hispanic Whites, and Asians and Pacific Islanders. The three-year-average poverty rate of American Indians and Alaska Natives, 25.9 percent, is statistically the same as that of Blacks and Hispanics, and higher than the poverty rate for non-Hispanic Whites and Asians and Pacific Islanders. One must however be cautious about both the income and poverty estimates for American Indians and Alaska Natives; results from the 1990 Census show that the median household income and the poverty rate for those on American Indian reservations or in Alaska Native villages were significantly different from the estimates for those outside those geographic areas.

[Chart 9 illustrates two interesting developments about poverty rates by age](#) [GIF - 13k]. First, the poverty rate for those 65 and older is now at an all-time low -- 9.7 percent in 1999. Second, in 1999, 12.1 million children were poor, down 1.4 million and 2.0 percentage points from 1998. Nevertheless, the poverty rate for children (16.9 percent in 1999) is higher than for the other age groups shown here, but it is significantly lower than in 1998 and continues the downward trend from its recent peak of 22.7 percent in 1993. Children make up 38 percent of the poor but only 26 percent of the total population.

[The real median earnings of men who worked full time, year-round increased by 1.0 percent between 1998 and 1999, their third straight annual increase](#) [GIF - 13k]. The earnings for comparable women remained statistically unchanged, however. The combination led to a drop in the ratio of female-to-male earnings for full-time year-round workers to 72 percent, down from its all-time high of 74 percent first reached in 1996.

[Chart 11 shows the fraction of aggregate income going to each fifth of the population in 1999](#) [GIF - 15k]. For the sixth consecutive year, overall household income inequality did not change; that is, no statistically significant changes occurred between 1998 and 1999 in the share of aggregate income going to each household income quintile, or in the Gini index of inequality. Income inequality measures, of which these are only two, do not typically change significantly from year-to-year, and there have been no such changes since our measurement methodology changed in 1994. A more thorough discussion of income inequality trends, including a discussion of additional measures of inequality, was presented in a recent Census Bureau report, *The Changing Shape of the Nation's Income Distribution: 1947-1998*.

Based on a comparison of two-year moving averages for states, [real median household income increased between 1997 and 1999 for 14 states and the District of Columbia and fell in none](#) [GIF - 15k]. In the same period, the poverty rate fell in seven states and the District of Columbia and increased in none. Arizona, California, D.C., New York, and South Dakota had both increases in income and declines in poverty.

The Census Bureau also produces a series of experimental estimates on how noncash benefits and taxes -- which are not considered in the official measures -- affect income and poverty. The income report shows 17 experimental definitions of income. The Census Bureau's research shows that income inequality under a broadened definition of income that takes into account the effects of noncash benefits and taxes is roughly 8 percent lower (more equal) than under the official cash income definition. Government benefits do more than taxes to reduce income inequality.

Valuing noncash benefits and subtracting taxes also affects the estimated poverty rate. The Census Bureau has continued its research into experimental poverty measures, based on recommendations made by the National Academy of Sciences, and will issue a new report this winter. These measures not only account for benefits and taxes in income, but they also use a new set of experimental poverty thresholds.

[Four of those experimental measures are presented in the final chart](#) [GIF - 10k]. All of these experimental measures show a larger decline in poverty between 1993 and 1999 than does the official measure. Researchers point out that the experimental measures capture the effect of the recent expansion of the Earned Income Credit while the official measure of poverty does not.

Let me again summarize the main findings. Increases in income and declines in poverty were widespread in 1999. Between 1998 and 1999, median household income adjusted for inflation increased 2.7 percent, to \$40,800, the highest we have ever measured. For the first time, households in the United States have sustained five consecutive annual statistically significant increases in their real median income. In addition, the poverty rate fell for the third consecutive

year, from 12.7 percent in 1998 to 11.8 percent in 1999, the lowest poverty rate since 1979. The number of poor dropped significantly also -- from 34.5 million poor in 1998 to 32.3 million poor in 1999. Finally, household income inequality did not change from 1998 to 1999.

I'll be glad to answer questions from the press at this time. Please identify yourself and your affiliation.